Reducing interest rates for home loan borrowers

478. SHRI N.K. SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that a large number of banks and other financial institutions have still not reduced the interest rates for existing home loan borrowers;

(b) if so, the reasons therefor;

(c) whether it is a fact that Government promises to take up the matter with these institutions; and

(d) if so, with what results?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (d) The interest rates are deregulated and the Benchmark Prime Lending Rates (BPLRs) are determined by the banks themselves with the approval of their respective Boards taking into account their actual cost of funds, operating expenses, regulatory requirement of provisioning etc. In response to the reduction in key rates of the Reserve Bank of India (RBI), many banks have reduced their BPLRs during the last six months and correspondingly interest rates of existing Home Loans linked to BPLR have come down. Similarly, many Housing Finance Companies (HFCs) have also reduced their existing Home Loan rates in the recent past.

Trends in consumer spending

479. SHRI N.K. SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether Government has analysed the trends in consumer spending in the wake of economic slow down;

(b) whether it is a fact that consumer spending is set to stay low as a result of economic slowdown affecting the decisions for hiring, expansion and salary hikes and is not likely to go beyond the necessities; and

(c) if so, the likely impact of all this on economic growth?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) As per the Advance estimates of GDP released by the CSO, Private Final Consumption Expenditure at constant prices during 2008-09 is estimated to be Rs. 20,77,231 crores as against 19,45,668 crores in 2007-08 thereby showing an increase by 1,31,563 crores. Therefore, there is no absolute decline in consumer spending in real terms in 2008-09 as per these estimates. However, the growth of Private Final Consumer Expenditure during 2008-09 is expected to be slower at 6.8 per cent as compared to 8.5 per cent during 2007-08.

(c) As per the Advance Estimates for 2008-09, the overall growth of GDP at factor cost (at constant 99-2000 prices) is estimated to be 7.1 per cent during the year as compared to 9.0 per cent in 2007-08. The growth rate for Agriculture, Industry and Services is estimated to be 2.6 per cent, 4.8 per cent and 9.6 per cent respectively in 2008-09. In the quick estimates for 2007-08, the corresponding growth rates for these three sectors were 4-9, 8.1 and 10.9 per cent respectively.